

2021 Update to Leaders on Progress Towards the G20 Remittance Target

Context

In 2014, the G20 announced its G20 Plan to Facilitate Remittance Flows.¹ This plan included an outline for country-led actions to support reducing cost of sending remittances. In 2015, G20 countries announced their National Remittances Plans, and agreed for the GPI to review progress annually and to update the plans every two years. The 2015 G20 National Remittances Plans, the successive annual reviews and the 2017 and 2019 updates to these plans are on the website of the GPI. The annual progress is monitored via the *Update to the Leaders* report every year.

Background

The Group of Twenty (G20) recognizes that cross border remittances flows are a major source of income for millions of migrant families and an important driver for economic growth and prosperity in developing countries. When confined to regulated and monitored channels, in both sending and receiving countries, remittance flows can better help to lift people out of poverty, improve economic infrastructure, and encourage more engagement in the regulated financial sector. Among other positive spill-over effects, remittances can be an accelerator for financial inclusion and digital economy.

Remittance flows contribute to the welfare of around 281 million migrants and their families.² Despite the crippling economic effects of the COVID-19 crisis, remittance flows to low- and middle-income countries (LMICs) proved to be resilient and rebounded quickly after a sharp decline at the start of the crisis. By the end of 2020, remittance flows had reached \$540 billion, only 1.6 percent below the \$548 billion seen in 2019. This decline was far less than what was projected at the start of the crisis, and less than the decline in volumes experienced during the financial crisis of 2008. And the decline in remittances proved to be far lower than the 11 percent decline in foreign direct investment (FDI) flows to LMICs seen in 2020. According to the World Bank's Migration and Development Brief 34, the resilience of remittance flows was primarily a result of migrants drawing on their savings to send money home, of shifting flows from unregulated channels, such as hand-carrying, to regulated remittance channels where accessible, and of migrants receiving cash transfers offered by host country governments where available.^{3, 4}

¹ <https://www.gpi.org/publications/g20-plan-facilitate-remittance-flows>

² UNDESA, *International Migration 2020 Highlights*.

³ The Global Knowledge Partnership on Migration and Development, 'Migration and Development Brief 34: Resilience: COVID-19 crisis through a migration lens', (World Bank, May 2021).

⁴ At the same time, it is important to note that #31 of the Migration and Development Brief, in April 2019, had forecast the remittances to LMICs to reach \$574 billion by the end of 2020. Thus, while the decline in remittance flows to LMICs

G20 supports factors that contribute to reducing transaction costs for remittance services as a vital and necessary condition to achieving the goals of the 2030 Agenda for Sustainable Development. In 2011, the G20 leaders adopted the 5x5 objective which committed to reducing the global average cost of sending remittances by 5 percentage points (starting from 9.30 percent observed in mid-2011). In 2016, G20 aligned with the UN's 2030 Agenda in 2016 to include cost reduction targets set under Sustainable Development Goal 10.c. to less than 3 percent and to eliminate remittance corridors with costs higher than 5 percent by 2030.

Global Trends in Remittance Costs

Despite the temporary increase in remittance costs observed during the early phases of the crisis, there was an overall reduction in cost of remittance services, mainly due to a general shift from cash-based to digital channels. According to the World Bank's Remittance Prices Worldwide (RPW) database, at the end of 2020 and for the first time since 2011, the weighted average cost of sending USD 200 reached the G20's 5x5 objective (see below). With that, the remittance sector is closer to achieving the Sustainable Development Goal of reducing average remittance costs to less than 3 percent by 2030.⁵

The key indicators monitored by the World Bank's RPW database demonstrate that the cost of remittance services continues to decline in 2021. In Q1 2021, the *Global Average Cost* for sending remittances was 6.38 percent. The Global Average has remained below 7.00 percent since Q1 2019 (Figure 1). Overall, this represents a decline of 3.29 percentage points since Q1 2009, when the figure was recorded at 9.67 percent. In addition to the Global Average, another average total cost is introduced to track the average price of "digital remittances" in RPW database.⁶ In Q1 2021, the global average for digital remittances was recorded at 5.08 percent, while the global average for non-digital remittances was 6.85 percent. Digital services account for 26 percent of all remittance services monitored by RPW in Q1 2021.

The *Weighted Average Total Cost* which accounts for the relative size of the flows in each remittance corridor, was recorded at 4.54 percent in Q1 2021, down from 4.82 percent in Q4 2020. This was the second consecutive quarter in which this figure has been recorded below 5.00 percent.

The *SmaRT indicator* was introduced in 2016 and is used to reflect the cost that a savvy consumer with access to sufficiently complete information would pay to send remittances in each corridor. It is also used to measure the corridor level targets in the SDG 10.c.1, i.e., that by 2030, ensuring no remittance

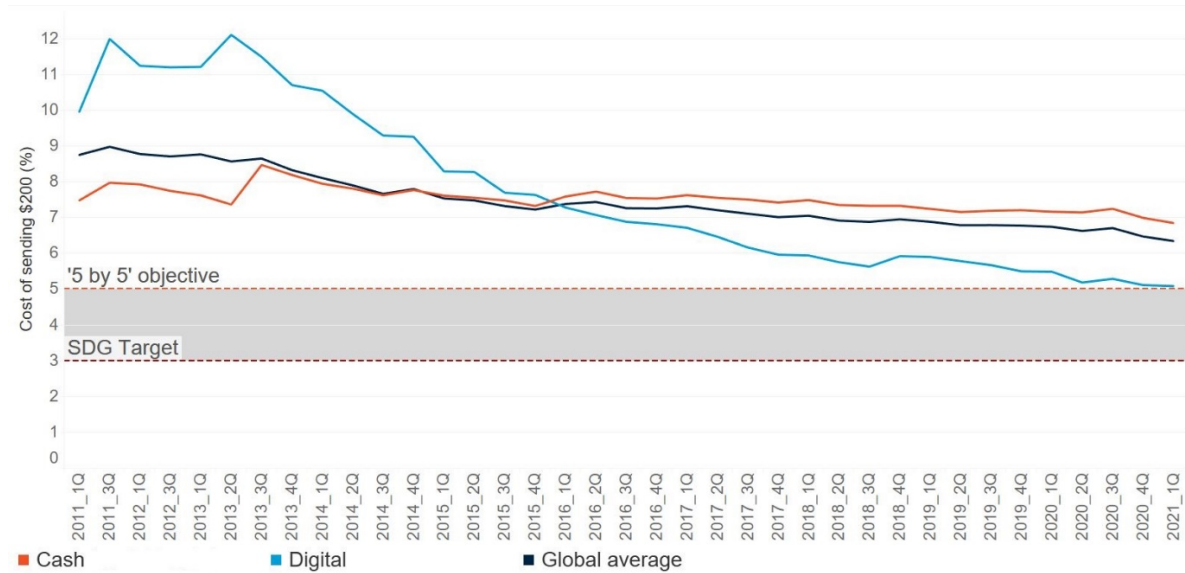
throughout 2020 was much smaller than originally feared, the overall impact on of the COVID-19 induced crisis on the trend of remittance flows has been significant.

⁵ G20 supports the 2030 Agenda under Sustainable Development Goal 10.c. which targets reducing the cost of remittances to less than 3 per cent and to eliminate remittance corridors with costs higher than 5 per cent by 2030.

⁶ A digital remittance must be sent via a payment instrument in an online or self-assisted manner, and received into a transaction account, i.e., bank account, transaction account maintained at a non-bank deposit taking institution (say a post office), mobile money or e-money account.

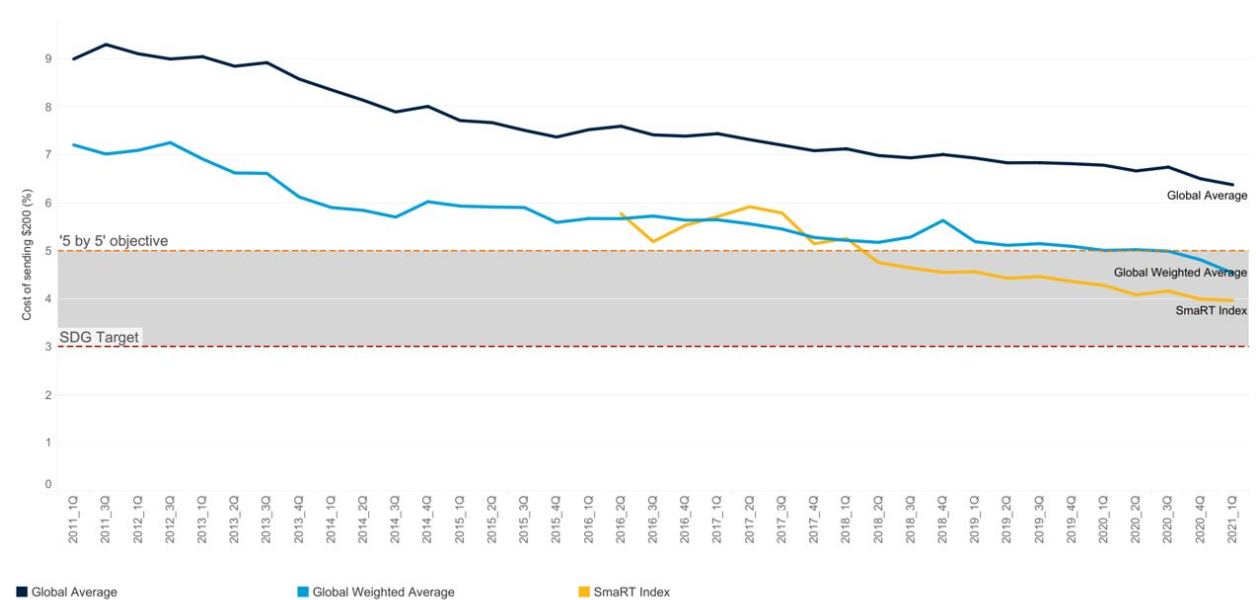
corridor has an average cost above 5 percent. In Q1 2021, the Global Smart Average was recorded at 3.98 percent.

Figure 1: Trends in the global cost of sending \$200 in remittances



Source: Remittance Prices Worldwide, Q1 2021, World Bank

Figure 2: Trends in Global weighted average & Smart average

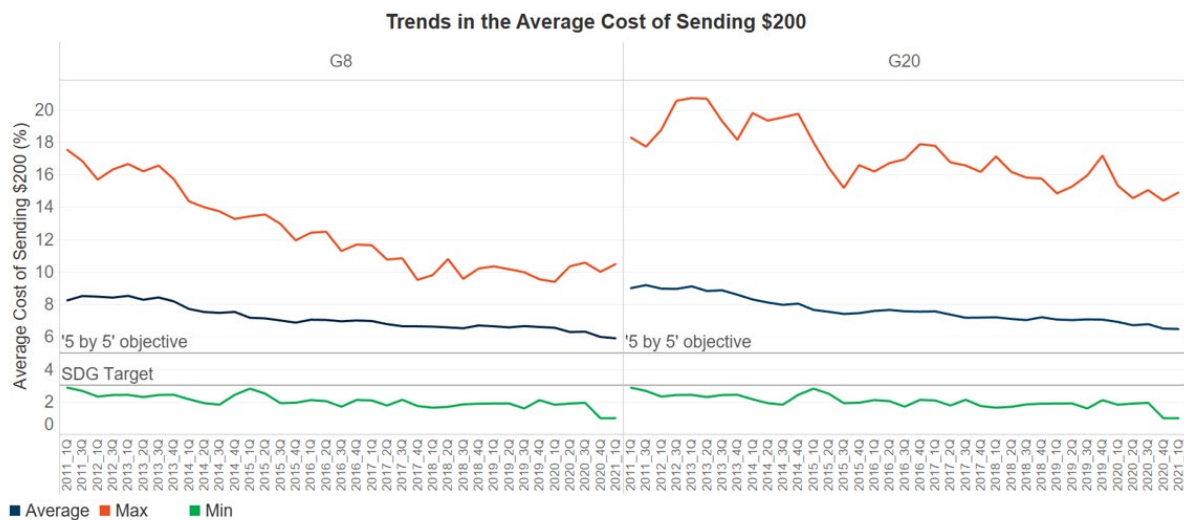


Source: Remittance Prices Worldwide, Q1 2021, World Bank

Trends in Remittance Costs in G20 Countries

The cost of remitting from G20 countries experienced a moderate decrease to 6.49 percent in Q1 2021, from 6.52 percent in Q4 2020. The average cost of sending money to the G20 countries that are included in RPW as receiving markets was recorded at 6.22 percent in Q1 2021. As shown in Figure 3, there has been a declining trend in the average cost, however cost of sending varies greatly across countries. Figure 3 includes the maximum and minimum cost observed in each quarter. In addition, apart from a few quarters, the average cost of sending money to the G20 countries has followed the pattern of the Global Average. For the 15th consecutive quarter since Q2 2017, the cost of remitting to G20 countries is recorded below the Global Average.

Figure 3: Trends in the average cost of remitting from G8 and G20 countries



Source: Remittance Prices Worldwide, Q1 2021, World Bank

The G20 continues to work with standard setting bodies (SSBs) such as the Bank of International Settlements' Committee for Payments and Market Infrastructure (CPMI), Financial Stability Board (FSB) and the Financial Action Task Force (FATF) to monitor recommendations on remittances services providers' access to banking services, address the decline of respondent banking relationships, consider factors affecting de-risking and to establish a supportive policy and regulatory environment for competitive remittance markets. Additionally, the G20 has initiated the work on the Roadmap for Cross-Border Payments, which covers remittances along with retail and wholesale cross-border payments.⁷ It identifies the challenges to safe and efficient cross-border payments, develops the building blocks to overcome these challenges, and constructs an actionable implementation plan. The action plan consists of five focus areas: (A) Committing to a joint public and private sector vision to

⁷ For the G20 Roadmap on Enhancing Cross-Border Payments, please see FSB (2020) *Enhancing Cross Border Payments: Stage 1 Report*; CPMI (2020) *Enhancing Cross-Border Payments: Building Blocks of a Global Roadmap – Stage 2 Report*; and FSB (2020) *Enhancing Cross-Border Payments: Stage 3 Roadmap*.

enhance cross-border payments; (B) Coordinating on regulatory, supervisory and oversight frameworks; (C) Improving existing payment infrastructures and arrangements to support the requirements of the cross-border payments market; (D) Increasing data quality and straight-through processing by enhancing data and market practices; and (E) Exploring the potential role of new payment infrastructures and arrangements. SSBs and International Financial Institutions (IFIs) have been collaborating on implementing the G20 Roadmap for Cross-Border Payments since it was announced in October 2020.

During the Saudi Arabia Presidency of the G20 in 2020, remittances were also recognized as a key action area integral to promoting digital financial inclusion which led to the adoption of the G20 Financial Inclusion Action Plan (FIAP) for 2020. In its action areas identified for the period 2021-23, FIAP calls for the development of responsible, innovative payment systems to support progress on reducing the cost of remittances. More specifically, the action plan for Digital Financial Inclusion supports the reduction of both access and usage barriers for the underserved and vulnerable groups by promoting the development of responsible innovative payment systems that provide affordable, secure, interoperable, transparent, and inclusive payment solutions across borders and within G20 and non G20 countries to support progress on reducing the cost of remittances, while maintaining consumer protection and requisite disclosures.

Reforms for Improving the Enabling Environment for Remittance Services

Major remittance sending countries, including G20 members continue to implement a wide range of reforms and policy measures, appropriate to each members circumstances and the needs of different remittance corridors including price comparison websites, consultative forums and events, improvements to financial infrastructure, initiatives to address structural issues in receiving countries, promoting access to technologically-enabled remittance services and other digital financial services, digital and financial literacy efforts, and studies into solutions for particular corridors, and new legal frameworks and regulatory reforms. Table 1 below shows measures adopted by some countries to improve the enabling environment for remittances services. Some of these measures have adopted directly as a response to the COVID-19 crises.

Table 1: Highlights of recent measures introduced by major sending countries to improve enabling environment for remittances services⁸

Argentina introduced regulations in 2020 to allow non-bank payment service providers (PSPs) to open accounts to send and receive remittances to third parties. Some registered PSPs could directly offer cross border remittances. Additional measures to facilitate financial inclusion introduced through “universal free account” without any opening or maintenance fees. Measures to improve digital financial literacy also introduced.

Australia has developed best practice guidelines for international money transfers to improve price transparency and support competition. In 2021, Australia reviewed adherence to the guidelines among larger suppliers of international money transfers, finding a high level of adherence. The Government is also supporting price comparison websites for money transfers between Australia and countries in South East Asia and the Pacific to help consumers compare the total costs of transfers from various providers. Australia has also undertaken a review into the regulatory architecture of the payments system to ensure it is fit-for-purpose and capable of supporting new technology and innovation.

⁸ This table highlights key measures adopted by G20 countries. For details refer to individual country submissions in Annex.

Brazil is in the process of updating its legal framework for the foreign exchange market that will allow adoption of new business models for remittances services that increase market efficiency, competition, and financial inclusion. The central bank also continues to publish on its website the price comparison by RSP.

Canada continues to support international developments such as the FSB's initiative to enhance cross-border payments, which include efforts to address issues of cost, speed, access, and transparency.

China continues to focus on enhancing convenience and lowering the cost of remittances by promoting the use of digital channels and improving competition in the market for remittance services. It has also strengthened the regulatory environment for financial consumer protection and has taken measures to improve financial and digital literacy and awareness.

European Union member states and European Commission have implemented several regulatory and policy initiatives to support the resilience of the remittances markets, including declaring remittances service as essential services, increasing cross-border market transparency, and supporting digitalization. In 2020, the Revised Cross-Border Payment Regulation was approved increasing transparency by obligating operators to show the total cost of sending remittances.

France has launched project DIASDEV to promote diaspora investments and financial education on remittances in collaboration with the Caisse des dépôts in France, Italia, Morocco, Senegal and Tunisia. France also encourages diaspora's productive investments in their countries of origin through the Meet Africa project, whose second phase was launched in 2020. Projects in support of promoting modernization of and interoperability in retail payments also launched.

Germany focus remains on consumer protection through its price comparison portal, linking remittances to financial inclusion, creating enabling regulatory frameworks, supporting entrepreneurship in countries of origin, addressing gender-related aspects, and generating research and data on diaspora and remittances dynamics.

India introduced measures during the lockdown to ensure payment services provided by RSPs remained operational. MTOs were advised to implement Operational and Business Continuity Plans and immediate contingency measures for risk management and prevention of disruptions to remittance services. MTOs were also advised to provide direct credit to beneficiaries' bank accounts wherever possible. RBI has taken measures to promote use of new business models to promote digital remittances. Lastly, RBI and Monetary Authority of Singapore (MAS) recently announced a project to link their respective fast payment systems UPI and PayNow for the purpose of cross border remittances.

Italy issued a set of new provisions to that allow digital verification methods for conducting customer due diligence (CDD) including video-identification and feedback mechanisms based on reliable technologically innovative solutions (e.g., forms of biometric recognition). It has also revived the Intergovernmental Table on Remittances identifying public and private measures and strategies for facilitating remittance flows through low-cost, customer centric formal financial services.

Japan has continued to promote the market competition to lower the cost of the remittance services, which led to the amendment of the Payment Services Act in 2021 to allow for high-value remittances by non-bank businesses and to introduce flexible regulations depending on transfer amount.

Mexico announced the launching of a *Banking Program to support migrants and their families* in 2021. The program has actions to strengthen and extend the coverage of financial services in support of migrants and aim to facilitate remittance flows to Mexico. The actions include allowing migrants to open low-risk banks accounts remotely, in which they can deposit remittances, and developing digital tools to locate currency exchange centers. To improve financial literacy, it launched the first virtual National Financial Education Week (SNEF) for Mexicans abroad reaching over 250,000 individuals. It also increased the number of municipalities where banks are allowed to acquire U.S. dollars in cash from clients.

Russia has taken measures to enhance its payment systems infrastructure to further streamline remittance transfers, including P2P transfers abroad, particularly for EAEU and CIS countries. Mir cards can now be used for sending transfers to beneficiaries using cards issued by national payment operators in Belarus, the Kyrgyz Republic and the Republic of Uzbekistan using a recipient's card number. Measures also taken to improve financial literacy of migrants and their families.

Saudi Arabia took measures to make remittance services available with limited access during the crisis. The use of digital channels also increased during this period. Measures to facilitate remote account opening considerably eased access to remittance services by consumers. Broader tax and financial incentives (e.g., exemption from the expat levy) introduced during this period also benefited the remittance market. The central bank continues to publish remittance data on its website.

Spain took measures to declare financial services, including non-bank RSPs and their agents as essential services. Spanish authorities continue to improve the enabling environment by working on measures related to safeguarding consumer protection, financial stability, competition and market efficiency, and AML/CFT. Regional cooperation on good practices in remittance services and improving supervisory practices to monitor issuance of basic accounts also high on their agenda.



Switzerland continues to make significant progress in improving the framework conditions for digital remittances. In 2021, a new Federal Law for Blockchain and Distributed Ledger Technology took effect with a focus on use of innovative financial services to provide low-cost remittance services.

United Arab Emirates focus on digitalization of remittance flow strengthened during the crisis. In light of this, the enabling environment continues to be improved through updates to regulatory framework and facilitating access and use of digital financial services through a set of initiatives.

United Kingdom continues to work with key stakeholders to identify opportunities that support greater access to low-cost, secure digital remittance services. Notable efforts include Call to Action initiative with the Swiss government; support of FSB and CPMI roadmap for cross-border payments; cross-government action plan to address market constraints for senders in UK that keep remittances prices high; and support to FATF project on unintended consequences of AML/CFT standards.

United States of America continues to promote use of regulated channels for remittances and adoption of a risk-based approach to anti-money laundering and countering the financing of terrorism and proliferation financing (AML/CFT/CPF). The U.S. Department of the Treasury remains engaged in work related to remittances through such multilateral fora as the Financial Action Task Force (FATF) and the Financial Stability Board (FSB).

The Annex summarizes each jurisdiction’s progress and achievements in the implementation of their individual National Remittances Plan during the course of the last 12 months. The World Bank provided all remittances data, unless otherwise specified.

ANNEX

The following table, Table 2, includes each jurisdiction’s progress and achievements in the implementation of their individual National Remittances Plan.⁹

Table 2. National Remittances Plans Implementation Update

Jurisdiction	Summary Progress
Argentina	<p>With the aim to ensure an adequate functioning of the economy and maintain activity and employment levels, the national government has adopted a set of measures to regulate the foreign exchange market. One of those regulations imposed a limit of USD 200 per month to purchase foreign currency, which includes cross border remittances. These transactions must be made through an account at a financial institution; however, the use of cash is allowed in transactions up to USD 100 per month.</p> <p>In January 2020, the BCRA issued specific regulations regarding Payment Service Providers (PSPs), which require the registration at the CBA. PSPs offer accounts to order and/or receive payments and make money transfers to third parties, but they aren’t considered financial institutions. Some PSPs (included in the BCRA Registry) offer cross-border remittance services.</p> <p>Although the following regulations are not directly associated with remittances, they may have a positive influence into the families who sent and received remittances during the COVID-19 pandemic:</p> <ul style="list-style-type: none"> - In February 2020, the BCRA relaunched the universal free account which doesn’t have any opening or maintenance fees. This account may be opened only with the national identity document (DNI) (or the identification documentation applicable to migrants and refugees) and used with a limited balance and transactions (due to simplified due diligence procedures for its opening). Financial entities had to ensure its remote opening to all unbanked individuals who requested it as of June 2020. - In order to improve the population’s financial digital capabilities, which have taken more relevance during the COVID-19 pandemic, the BCRA along with the Ministry of Education has led a digital campaign on financial education for households (“We Keep on Educating”). This digital campaign includes tutorials to promote the use of online banking and digital wallets for the payment of services; cybersecurity; and protection of financial consumers.
Australia	<p>Australia has further progressed its commitments in supporting accessible and affordable remittances flows over 2021 through a range of activities under its development program, especially to the Pacific where remittance costs remain amongst the highest in the world. Working across government, with multilateral organisations, and the private sector, Australia is actively engaged in initiatives that foster a conducive environment to lowering the cost of remittances and ensuring financial channels remain open, are reasonably priced and safe from criminal abuse.</p>

⁹ These progress reports are included verbatim in Table 2, with some minor copyediting. The remittances data on the size of flows and costs are from the World Bank’s *Migration and Development Briefs* and *Remittance Prices Worldwide Database*.



For example, momentum continues with the development of a regional ‘know your customer’ facility that aims to mitigate and prevent some of the risks associated with remittances to the Pacific. This collaboration between South Pacific central banks, including Australia and New Zealand, as well as multilateral partners, is one example of efforts addressing remittance challenges in the region. The Australian Transaction Reporting and Analysis Centre (AUSTRAC) is also continuing to work with Pacific Financial Intelligence Units under the AUSTRAC Pacific Islands Partnership established last year to enhance capabilities and promote greater regional collaboration to combat money laundering and terrorism financing risks.

In 2019, the Australian Competition and Consumer Commission (ACCC) issued best practice guidelines on price transparency for international money transfers. The guidance specifies that remittance services should take necessary steps to inform their customers of the total price of an international money transfer, including any correspondent banking fees that may occur over the course of the transaction; and offer digital tools on their websites to calculate the total price for an international money transfer. In 2021 the ACCC reviewed 15 prominent remittance service providers, finding that 12 were either adhering to best practice price disclosure or needed to make only minor improvements to achieve best practice. The ACCC continues to work with remittance service providers to advance adherence to the best practice guidance. The Australian Government will continue to assess if further regulatory action is required.

To improve transparency and promote competition the Australian government is supporting two comparison websites for remittance services - Send Money Pacific (<https://sendmoneypacific.org/>) and Saver Asia (www.saverasia.com), which compare prices of remittance services available to a number of South-East Asian and Pacific Island countries. Programs also seek to improve the financial and digital literacy of remittance senders to help them meaningfully engage with remittance services and make informed choices that maximise the value of money sent to receiving households.

A Government working group, led by Treasury, has been formed to consider the de-banking of remittance services (among other businesses) and report back to Government with options to address the problem.

The Australian Government is supporting the private sector to transition to digital processes under the JobMaker Digital Business Plan. This included undertaking a review into the regulatory architecture of Australia’s payment system, to ensure (among other things) the regulatory environment is fit-for-purpose for payment service providers, including international money transferers. The Government is currently assessing the recommendations under this review.

Brazil

The Central Bank of Brazil (BCB) closely monitors remittances costs, undertakes studies and proposes measures aiming to enhance regulations related to remittances. The BCB initiatives have contributed to improve remittances transparency, increase market competitiveness and consumer protection.

Bill No. 5,387/2019, under consideration by the National Congress, is the result of studies carried out by the BCB proposing a new legal framework for the Brazilian foreign exchange market. The proposal will allow the adoption of requirements proportional to the values of the operations and the risks involved. The Bill is in line with the best international practices and will allow the adoption of new business models that increase market efficiency, competition, and financial inclusion, thus facilitating remittances.



In 2021, the BCB improved the foreign exchange regulation related to technological innovations and new business models applied to international payments and money transfers, especially remittances. The initiative considered recent developments related to international payments and transfers, advancing competition, financial inclusion and innovation in the sector.

The BCB also continues to publish a ranking about remittances on its website (<http://www.bcb.gov.br/?ENGVET>), by institution, which facilitates comparisons and analysis of the costs of these operations. This tool allows for the monitoring of the institutions' performance and costs in previous months.

Canada

Progress toward the three objectives outlined in the 2019 plan:

Increase remittance market competitiveness, including through improvements to the regulatory environment:

- The Government of Canada is working to align domestic and international standards to reduce the burden on payment service providers (PSPs) - including RSPs - currently required to comply with various standards across jurisdictions. Efforts include participation in the Financial Stability Board's (FSB) Cross-Border Payment Alignment and Implementation (CPAI) working group, a subset of the FSB created to address several building blocks on the FSB's roadmap to enhance cross-border payments (the Roadmap). The CPAI studies gaps in international standards, principles, and guidance relevant to cross-border payments to begin closing gaps and increasing efficiency and competitiveness within the payments market.
- Separate from the CPAI working group, the Government of Canada is working to identify areas in which national standards can be adjusted to better align with international standards. For example, the Government is considering adapting correspondent banking requirements to meet international expectations.
- Canada is currently implementing ISO20022, which will help align domestic payments infrastructure with international standards. ISO20022 implementation will improve the efficiency and competitiveness of PSPs by eliminating impediments caused by technical and infrastructural differences across jurisdictions.
- Canada is also advancing on the Real-Time Rail (RTR), a modernized payments system that facilitates fast and data-rich payments. The RTR will include revised and expanded access protocols, which will increase the competitiveness of numerous PSPs by potentially allowing them to access the domestic payments system.
- In 2019, the Government of Canada amended legislation regarding virtual payment reporting and record-keeping obligations to better align with international standards developed by the FATF. These amendments will help increase payment transparency and decrease risk of criminal or terrorist misuse of funds.

Improve financial system infrastructure and pursue policies conducive to supporting innovation and harnessing emerging technologies

- During the summer of 2021, the Government of Canada conducted a series of consultations with domestic federal agencies and industry associations to procure input regarding the FSB Roadmap and its implementation in Canada. Stakeholders discussed strategies for increasing the competitiveness of PSPs, with methods for expanding system access being a primary area of focus. The Government is using this feedback to inform relevant policy decisions, and will continue to engage stakeholders for their perspectives on increasing the innovation and competitiveness of the payments market.



Improve transparency and consumer protection of remittance transfers

- Legislation for the Retail Payments Oversight Framework (RPOF) was successfully passed in 2021. RPOF is designed to ensure that the payments ecosystem is able to foster innovation and competition in the payments sector. Increased competition and innovation would have the potential to reduce prices and improve the quality of payment services – including remittances – for end users. The Government of Canada is currently developing regulations to support the legislative framework.
- In April 2019, Statistics Canada released a Global Affairs Canada commissioned study of international money transfers by Canadian residents born in ODA eligible countries (the study can be accessed online). Study findings are currently being analyzed and will be used to inform evidence-based policy and programming that would facilitate safer, more reliable, and lower-cost remittances from Canada that contribute to improved development outcomes and reaching the SDGs. Results were published in the report Study on International Money Transfers from Canada, providing useful insights into remittance sending that continue to inform relevant programs development and Canada’s initiatives to reduce remittance sending costs.
- A new research initiative is being conducted by Global Affairs Canada in collaboration with the World Bank to examine remittance flows from Canada. This research will help illuminate avenues for improving the speed, security, and costs of remittance payments and strengthen the impact of remittances on poverty alleviation in recipient countries.
- The Government of Canada continues to monitor data to assess the impact of COVID-19 on the remittances market. Data indicates that both remittance cost (down by 2.15%) and remittance flow volume have declined during the pandemic. Decreased volumes are likely attributable to income disruptions for migrants and restrictions on the operations of RSPs.

China

The WBG Remittance Database shows that, in 2021 Q1, the average cost of sending remittance for USD 200 to China is 7.71%, documenting a reduction of 0.42 percent from 8.13% in 2019 Q2, despite the impact of the COVID-19 pandemic. Hundreds of banks and several MTOs provide remittance service in China, making the market quite competitive. China has established a comprehensive payment infrastructure that provides 7-day-24-hour inter-bank remittance settlement. Non-bank RSPs also have access to the national payment infrastructures. The interoperability among banks and MTOs has also been achieved through the cooperation among banks and MTOs. Fintech players also join the market by cooperating with banks.

In China, the physical bank branches have covered almost every town in rural areas. Almost every family owns at least one transaction account which can facilitate the receipt of remittances. Digitalization has become one of the priorities in the national financial inclusion strategies. In these years, China focuses on enhancing the convenience and lowering the cost of remittances through digital channels and market competition. To enhance remittance environment, China strengthens the regulation on financial consumer protection and highlights the importance of financial and digital literacy and awareness. Some initiatives have been launched regularly to help consumers to use remittance service smartly, especially through digital solutions.

China will continue to search solutions and take practices on the reduction of remittance costs towards our target, with high priority on financial consumer protection and financial literacy for remittance. More efforts will be made to enable the efficiency, transparency

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and competitiveness of remittance service through traditional and new digital channels and methods, with consideration of risk management.

The EU is the second largest source of remittances with an estimated 105 million people in developing countries benefitting from remittances sent from the EU. According to the most recent available World Bank data, in pre-COVID context, they amounted to 50 billion euros or 11% of the total flows developing countries receive. The regions receiving the most remittances from the EU are Asia (31%), Africa (29%), non-EU Europe countries (21%), and Latin America (11%). Despite the COVID-19 pandemic, remittance flows to low- and middle-income countries from the EU have now surpassed the sum of foreign direct investments and official development assistance and they are expected to increase further in 2022. Moreover, the average cost of sending money from the EU to developing countries has decreased sharply from 7.8% in 2015 to 5.9% in 2020.

During the COVID-19 pandemic, the European Commission and the EU Member States have implemented a significant set of regulatory and policy initiatives as well assistance projects to support the resilience of the remittances markets, including declaring remittances service as essential services, increasing cross-border market transparency and supporting digitalization. In June 2020, the EU approved the Revised Cross-Border Payment Regulation, which increases transparency by obligating operators to show the total cost of sending remittances. In addition, in September 2020, the Commission adopted a Regulation on Markets in Crypto-assets, which regulates the issuance of crypto-assets in the EU as well as a Retail Payments Strategy for the EU, which includes measures to further enhance cross-border payments.

Outside the EU, the European Commission has been funding the “Maximising the Impact of Global Remittances in Rural Areas” (MIGRRA) programme via IFAD Financing Facility for Remittances of EUR 5.4 million over the period 2015-2020. In December 2018, the Commission and IFAD launched the “Platform for Remittances, Investments and Migrants’ Entrepreneurship in Africa” (PRIME Africa) of EUR 15 million over the period 2019-2023. PRIME Africa aims to improve the management of remittances and their use for development outcomes. The platform supports seven African countries (Senegal, The Gambia, Ghana, Kenya, Uganda, South Africa and Morocco) in setting up innovative businesses that make transferring remittances cheaper and faster. Moreover, in partnership with IFAD, the Commission will support, under PRIME Africa, nine digitalisation and financial inclusion business initiatives in West Africa, which will benefit over one million people receiving remittances in rural areas. Parallel activities are ongoing in East Africa, with open calls for proposals in Kenya and Uganda, and future calls in Southern Africa and North Africa.

Furthermore, in December 2020, the European Commission funded a project named “Leveraging digital finance to increase resilience” implemented by the United Nations Development Capital Fund, to support adoption of digital remittances in 14 African Caribbean and Pacific countries. In addition, the Commission has approved a top-up of EUR 25 million to the IncludiFI project which will provides financing to local entrepreneurs in Sub-Saharan and Northern Africa, who currently struggle to access the loans or capital they need to start or expand their businesses. It will particularly support small businesses led by women, young people, and migrants. Through the EU Knowledge Centre on Migration and Development, the Commission has launched a global report mapping migrants investments schemes throughout the world in order to facilitate the scaling up of promising initiatives to leverage migrants’ financial investment potential.



France

France is a major remittance-sending country, especially towards Africa, and remittance flows have been steadily increasing before the pandemic. According to Banque de France, remittance flows originating in France amounted to 11.2 billion euros in 2020, decreasing by 6% since 2019.

Regarding diaspora’s investments and financial education on remittances, the French Development Agency is launching a project called DIASDEV, in collaboration with the Caisse des dépôts in France, Italia, Morocco, Senegal and Tunisia.

This project aims to increase diaspora’s capacity to mobilize their savings for investing in their countries of origin. To achieve this goal, the project is structured around three pillars: i) online information platform : rating and labelling tool, replacing and expanding on the current site envoidargent.fr, gathering existing financial services dedicated to diasporas (including crowdfunding, mobile and e-banking, dedicated investment funds etc.); ii) facilitation fund to deliver technical and financial assistance to financial actors which develop tools for diaspora’s investments in respect of the regulatory framework; iii) technical assistance to develop actions in the field by Caisse des dépôts. The cost of remittances is a crosscutting issue to the DIASDEV project as it impacts the overall amount of savings and the decision of diaspora to resort to informal channels for sending money – which in turn both impact the size of investments.

France also encourages diaspora’s productive investments in their countries of origin through the Meet Africa project, whose second phase was launched in 2020. The two objectives of Meet Africa 2 are to strengthen the ecosystem of actors in charge of supporting entrepreneurship in the diaspora and to provide technical and financial support entrepreneurs involved in business development in African countries.

To further improve the knowledge of remittances originating in France and how they have been affected by the pandemic, a [survey](#) on diasporas and their cross-border transfers was launched during the summer 2020, by IPSOS with the financial support of the French Development Agency and the Ministry of European and Foreign Affairs. This survey reveals that remittances from France could have played an insurance role for African recipient countries during this crisis¹⁰. Family support by migrants took a toll on their own consumption or savings and seems to have limited the negative impact of the COVID-19 crisis. Moreover, a striking point is the accelerating trend toward digitalization of remittances caused by the pandemic, with potentially positive effects on cost of transfers¹¹. Lockdown measures and borders closure adopted to limit the spread of the virus have constrained traditional remittances channel as well as informal flows and seem to have benefited to digital channels.

Regarding the support of modernization and interoperability of the retail payments system infrastructure, France is contributing to several initiatives involved in digital financial inclusion of women in Africa, including digital identification with the World Bank, and payment system interoperability with the African Development Bank.

¹⁰ While the respondents declared having remitted less in Q1 2020 than in Q1 2019, 40% of those who sent money in 2019 anticipated maintaining their remittance level and 31% expected an increase

¹¹ Different studies conducted show a 30% increase in the use of digital transfer tools due to the closure of the "physical" agencies of many transfer operators

**Germany**

The average cost of remittance transfers from France has decreased in the past five years, from 7,56% to 6,06% between Q3 2015 and Q4 2020.

The focus of Germany's measures remains on consumer protection, linking remittances to financial inclusion, creating enabling regulatory frameworks, supporting entrepreneurship in countries of origin, addressing gender-related aspects and generating research and data on diaspora and remittances dynamics. All these aspects have become even more important in times of the COVID-19 pandemic.

The pandemic has impacted remittance flows and costs as well as related measures taken by Germany in response to these developments: Germany experienced a slight reduction in the volume of remittances sent from Germany in 2020 (22bn USD) compared to 2019 (23.9bn USD) as indicated by data from the World Bank. Over the last year the average costs to send remittances from Germany experienced minor fluctuations but, despite the pandemic, decreased overall year-on-year from 7.7% in Q1/2020 to 7.26% in Q1/2021.

In 2021, Germany continued its domestic and international efforts to address the impact of the pandemic on remittances and the risks arising from it, inter alia, through the G20 *Global Partnership for Financial Inclusion* and the UN-led *Remittance Community Task Force*. In Germany locations of Remittance Service Providers (RSPs) remained open during the lockdown, incl. non-bank RSPs. Germany continued to promote the use of digital services when sending remittances, but no emergency measures were taken in response to the pandemic.

German Development Cooperation consults with regulators in various partner countries on the regulation and supervision of inclusive payment systems, including mobile financial services. For example, the work with the Central Bank of Jordan to implement a project on "Improving Access to Remittances and other Financial Services through Digital Solutions" was recently extended for another two years.

As part of its Programme Migration & Diaspora (PMD), Germany will support a pilot virtual accelerator for RemTech (remittances technology) startups offering solutions in the programme's 22 partner countries. Ten teams will receive a week of acceleration and coaching followed by a pitch day with potential investors.

Germany further encourages diaspora investments in Cameroon and Ghana to micro and small businesses by granting financial support and business coaching managed through the digital "WIDU.africa" platform ([WIDU - Financial support for small businesses in Africa](#)). Since November 2019 private investments of over 3mio EUR have been committed and 1,850 entrepreneurs have been supported. Due to the high demand and interest by the diaspora, the platform has been rolled-out to Kenya, Ethiopia and Togo. Tunisia will start activities in autumn 2021.

In 2021, Germany continues its activities on transparency and consumer protection, inter alia, through the price comparison portal <http://www.GeldtransFAIR.de>. Germany also continues to support KNOMAD with its 'Remittances and Diaspora Resources' working group generating recommendations for policy through research, data collection, evaluation of policies and knowledge exchange.

Germany was one of the co-founders of this year's *Global Forum on Remittances, Investment and Development* hosted by IFAD, and will be again in 2022, as an important



platform to build and strengthen partnerships for innovative solutions on cheaper, faster and safer transfer of remittances with all relevant stakeholders.

India

To give impetus to global outreach through undivided attention, NPCI has, on direction of RBI, created a subsidiary NPCI International Payments Limited (NIPL) to focus on international business. The UPI acceptance for QR code based merchant transactions went live in Singapore (Pilot mode) and Bhutan. Further, discussions are ongoing with other countries in the Middle East.

Further, RBI and Monetary Authority of Singapore (MAS) announced a project to link their respective fast payment systems viz. UPI and PayNow, targeted for operationalization by July 2022. The UPI-PayNow linkage will enable users of each of the two fast payment systems to make instant, low-cost fund transfers on a reciprocal basis without a need to get onboarded onto the other payment system. The UPI-PayNow linkage is a significant milestone in the development of infrastructure for cross-border payments between India and Singapore.

Numerous measures have been taken from time to time by facilitating new model/new players viz., aggregators, fintech companies etc., for sending remittances through Authorised Dealers (Category-I) banks based on the proposals received involving entities in the remittance business.

RBI directed all Money Transfer Service Scheme (MTSS) Agents under respective Regional Offices jurisdictions to ensure that beneficiaries in India do not face problems in accessing the funds remitted to them under the (MTSS), and that the payment services provided by MTSS Agents to beneficiaries of remittances under MTSS shall remain operational during the period of lockdown. Further, Money Transfer Operators (MTOs) were advised to put in place operational and Business Continuity Plans and immediate contingency measures to manage the risk and prevent any disruption of remittance services. MTOs were also advised to afford direct credit to beneficiaries' bank accounts wherever possible.

Italy

According to Central Bank's data, in the twelve months ending in March 2021 remittance flows from Italy increased to 7.1 billion euros, from slightly more than 6.0 billion in the same period of the year before. The remarkable increase reflected the acceleration recorded in the second half of 2020 and was driven especially by flows toward neighboring countries (i.e., Eastern European and North-African recipients). These developments may have been due to different factors such as the need for migrants to provide support to their relatives in home countries affected by the pandemic and the more widespread use of official digital channels in place of informal ones, due to the strict movement restrictions.

The measures adopted to contain the spread of the COVID-19 pandemic, in fact, may have begun to affect payment habits, likely intensifying the use of electronic payment instruments. In particular, It has been recorded a moderate growth in "remote" or "contactless" transactions, with an upward trend even after the unwinding of the lockdown measures. In line with this tendency, an increase in transactions not initiated in cash, using payment instruments from remote, has been detected also in the case of remittances. According to a survey on a sample of 1,200 adult migrants by the National Observatory for Financial Inclusion of Migrants in Italy, the weight of informal channels decreased from 14% in 2017 to 8% in 2021.



The Italian emergency legislation has classified the supply of financial services – which includes remittances – as “essential”; consequently, these services have been kept running during lockdowns. As a consequence, the adverse impact of the pandemic outbreak on the recourse to such services by migrants may have been concentrated only in the very first phase of the emergency, while no particular friction occurred afterwards.

As far as the regulatory framework is concerned, in July 2019 the Bank of Italy issued a new set of provisions on customer due diligence (CDD) that includes – among the allowed verification methods of customers’ identity – video-identification and feedback mechanisms based on reliable technologically innovative solutions (e.g., forms of biometric recognition). The Italian anti-money laundering (AML) law already allowed the use of digital identities for the identification of the customer, in compliance with the EU AMLD V Directive. In 2020, the legislation was amended in order to expand the usage of digital IDs in CDD as an alternative to in-person identification. In particular, it is now allowed identification via digital IDs with a “substantial” level of assurance, while previously the “highest” level of assurance was required. These measures could therefore have facilitated the digital access by migrants to formal financial services.

In addition, in line with the EU Payment Services Directive, Italian law grants payment institutions the right to access banks’ payment accounts services on an objective, non-discriminatory and proportionate basis. More specifically, although banks can refuse to open payment accounts or decide to close them for reasons of public order or security, or for other justified reasons based on provisions of AML/CFT law, they must provide the Bank of Italy with duly motivated reasons for any rejection. In July 2019, the Bank of Italy published an implementing act on this topic, according to which any decision of rejection should be taken on the basis of elements related to the specific case and in light of factual information; in this regard, moreover, the Bank of Italy ought to be notified within five working days, attaching all necessary information to retrace the decision-making process and related reasons.

In the context of the Italian G20 Presidency, the Bank of Italy and the Ministry of Economy and Finance, with the support of the Ministry of Foreign Affairs and International Cooperation, have revived the Intergovernmental Table on Remittances, resuming the dialogue with the main market operators (banks and other payment services providers - PSPs), relevant market associations, the International Organization for Migration and the Centro Studi di Politica Internazionale (CeSPI, an Italian think-tank). The Table contributes to identifying public and private measures and strategies for conveying remittance flows through formal financial services, including low costs and specific financial services tailored to migrants' needs.

Besides regulatory measures, according to the information collected directly from a market survey step were taken by resident PSPs to support the market and improve the use of cashless instruments and digital services. The main operators have put in place promotional initiatives mainly directed at Eastern European and African countries, like reduced fees for wallet services and promo codes for the use of digital channels. From a business model perspective, the survey also shows an important contribution aimed to support innovative services (e.g., the development of new Apps) or incentivize the use of services based on avoiding cash withdrawal (e.g., mobile wallets). At the same time – thanks to the regulatory framework issued in 2019 including methods of verification of customers’ identity based on reliable technologically innovative solutions – the network of partnerships between banks and PSPs were strengthened, allowing better interoperability between services from different providers.



Against this backdrop, the urgency of improving the digital financial literacy of a large segment of the population has increased. An adequate level of financial literacy makes it possible for individuals to make savvy decisions on how to manage their financial resources consistently with their actual needs. In the specific case of the most vulnerable groups, such as migrants, financial literacy can represent an important element of empowerment and financial inclusion. In this regard, the Bank of Italy has been further reinforcing its offer of public financial education programs for adults, which have been delivered through its branches since 2016. Topics like managing bank accounts, financial investment, remittances, payment instruments and access to credit are covered in a practical and interactive way to facilitate financial awareness and inclusion. In this context, the Central Bank is now working on a project to implement a smartphone app and online resources to support financial literacy and financial resilient behavior among migrants and all people who attend public schools.

The average cost of sending remittances from Italy has plateaued at around 5.0% in 2021Q1, remaining below the global average cost recorded in the same period (6.39%). At the same time, 9 out of the 19 corridors monitored by the World Bank for the country have been hovering around, or below, the target cost of 5%.

Japan

The Government of Japan has promoted policies related to the Payment Services Act, which was put into effect in 2010, including more use of non-bank service providers, to stimulate market competition to bring down the cost of remittance services and improve them. Under the Act, the number of licensed non-bank fund transfer business providers increased from 11 in 2010 to 81 as of June 2021. Reflecting the surging needs for high-value remittance, including international remittance, an amendment to the Act was passed in June 2020 and took effect in May 2021. The amendment lifted the ban on large-amount money transfers by non-bank businesses and introduced flexible regulations depending on the transfer amount and risk associated with money transfer business. The promoted market competition is expected to reduce the cost of high-value remittance, including international remittance.

In order to improve financial system infrastructure and pursue policies conducive to harnessing emerging technologies, the Government of Japan has promoted the use of digital and other technologies to enhance the quality and accessibility of related banking services in close coordination with the private sector, including technological companies. The efforts include identifying and addressing regulatory and technological issues as well as leading domestic and global discussions on application of blockchain and other decentralized financial technologies.

In terms of transparency and consumer protection of remittance transfers, the Government of Japan has taken measures to ensure the proper operation of RSPs. For example, the Government of Japan issued a warning to consumers and an instruction to banks and RSPs regarding the security of their systems in September 2020, in light of the fraudulent use in the services of payment services providers linked to bank accounts. Regarding consumer protection, the amended Payment Services Act was enacted in May 2021. First, it set a new category of RSPs with no limit on each money transfer and requires them to get additional authorization for their business plans from the government as well as a basic registration as an RSP. They are not allowed to receive or retain customers' money not intended for immediate transfers. In addition, RSPs with a 1 million yen cap on each money transfer are required to organize a system to ensure the purpose of funds accepted from customers is money transfer if the fund exceeds 1 million yen.



	<p>According to “Remittance Prices Worldwide” (March 2021) published by the World Bank, the remittance cost rate of Japan decreased by 1.15 percentage points between Q1 2017 and Q1 2021.</p>
Korea	<p>Especially in the first half of 2020, there was a temporary impact of COVID-19 on the remittance flows and costs due to the inability of foreign workers to work, but the situation recovered quickly. RSP locations remained open during lockdowns. As most remittance services are non-face-to-face, digital services, there was no need to take special measures during 2020 for the purpose of responding to the impact of COVID-19 on the remittance market.</p>
Mexico	<p>In order to facilitate the sending of remittances, the government of Mexico has undertaken financial inclusion and financial education actions for Mexican abroad.</p> <p>At the beginning of 2021, financial authorities in Mexico announced the launching of a <i>Banking Program to support migrants and their families</i>, which includes actions to facilitate remittance flows from the United States to Mexico. One of the actions considered in the program is allowing Mexican migrants to open low-risk bank accounts remotely, in which they can deposit remittances. In addition, the Bank of Mexico developed a website and an app that allows individuals to know the location of currency exchange centers, as well as other financial products available to migrants.</p> <p>Regarding Financial Literacy for Mexicans living abroad, in November 2020, the National Agency for the protection of financial services users (CONDUSEF) launched the first <i>virtual National Financial Education Week (SNEF)</i>. In coordination with the Institute of Mexicans Abroad (IME) and 44 consulates in the United States, it provided more than 500 activities and conferences to audiences including Mexican citizens living abroad, reaching 250,000 people. This year, CONDUSEF will continue organizing financial education activities in coordination with IME and consulates.</p> <p>Furthermore, the government of Mexico has increased the number of municipalities where banks are allowed to acquire U.S. dollars in cash from clients, with the objective to enabling payments and deposits in U.S. dollars in municipalities in which the amount of remittances is significant for the economic situation of the households living there.</p>
Russian Federation	<p>In 2021, Russia has continued its work toward enhancing cross-border payments, developing infrastructure, increasing the share of cashless transaction to sustain remittance costs low as well as faster, cheaper, and hassle-free. Russia remains the least expensive G20 sending remittances country, recorded at 1.00 percent in Q1, 2021 according to the World Bank.</p> <p>The measures include among others promoting the use of national payment system Mir cards including P2P-transfers abroad, in particular in the EAEU and CIS countries which helps Mir cardholders make P2P-transfers to relatives and acquaintances abroad with interoperability of national payment systems. Currently, Mir cardholders in Russia can send money to the beneficiaries whose cards issued by national payment operators in Belarus, the Kyrgyz Republic and the Republic of Uzbekistan using a recipient’s card number.</p> <p>A larger variety of financial services, including the Faster Payments System (FPS) contributed to the growth of cashless payments that by the end of 2020 exceed 70%. The FPS lets individuals make instant interbank transfers 24/7 using a mobile phone number. The FPS has successfully expanded its initial services from C2C-transactions to C2B and B2C</p>



operations using a QR-code. Since the FPS launch in January 2019, more than 500 mln transactions have been carried out at the total value of more than 3 trillion RUB. Currently, 208 banks offer the FPS services. The Bank of Russia has supported merchants by providing reduced fees of FPS services that are three times more valuable than the acquiring costs and has provided individuals with zero-sized fees for transfer amount less than 100.000 RUB per month and low charges for bigger amounts. The Bank of Russia and the National Bank of Belarus initiated a project aimed to connect their two instant payments systems. The connectivity will enable individuals in Russia to send money to individuals in Belarus, and vice versa, instantly and securely, with only using their mobile phone numbers. The project is a blueprint to enable the Bank of Russia and the National Bank of the Republic of Belarus to cooperate with other Eurasian Economic Union (EAEU) countries to develop a network of linked faster payments systems in the EAEU that will further contribute to making remittances across the region even faster, cheaper, and hassle-free.

Another important initiative is aimed to increase financial literacy of migrants and their families has been implementing in the frame of the OECD and the Ministry of Finance of the Russian Federation the technical assistance project for 6 CIS countries.

Saudi Arabia

In 2021: Outbound flows in the first half of 2021 increased from SAR 92,797 million in 2020 to SAR 108,071 million. This is due to return to normal measures, increased vaccination rates that helped business to operate more safely and government regulations on businesses loosened, these factors contributed to increased growth in economy and its recovery.

In 2020, Saudi Arabia was one of the top three source countries for remittances outflows. Expatriates and migrant workers in Saudi Arabia benefit from a lower cost of remittances than the global average, and the lowest in the region.

During the first half of 2020: Outbound transfers from banks, money exchange centers and financial technology companies have increased slightly while inbound transfers have decreased in the six months ending June 30, 2020, compared to the same period last year. The outflows increased due to a large number of expatriates in Saudi Arabia transferring money abroad as financial support.

Biggest spike was in June when the monthly amount surged 60 percent compared with June 2019. July also witnessed a rise of 32 percent, while August, September, and October saw monthly levels increase 24.7 percent, 28.5 percent, and 19.2 percent, respectively, compared with the equivalent months last year.

Statistics relating to outbound transfers in the six months ending June 30, 2020, compared to the same period last year is as below:

- The outbound transfers have increased by 0.7% from SAR 685.72B to SAR 690.81 billion
- Individual outbound transfers have increased by 6% from SAR 102.28 billion to SAR 108.07 billion.
- Saudi individuals' transfers have decreased by SAR 4.62 billion while foreign individuals' transfers have increased by SAR 10.4 billion. Foreign individuals' transfers represent 75% (SAR 80.9 billion) of the total individuals' outbound transfers).

As an important part of the banking sector, remittance services were available but for limited access during partial lockdown. Digital channels were also available and increased



	<p>its services to customers during 2020. Many private firms introduced remote account opening during 2020 for consumers to ease access to remittance services.</p> <p>Some measures were indirectly benefitting the remittance market, such as the exemption from the expat levy, which was issued in March 2020, extending for 3 months without charge. This helped SME's and companies retain their expat labour and they continued sending funds abroad. Also, to alleviate economic stress, SMEs that has 9 employees or less were exempted from paying expat levy for a period of 3 years for 2-4 expatriates. In addition, the Saudi Central Bank has been in continuous dialogue with local commercial banks to support certain sectors, and one of the measures taken that helped support the RSP was a waiver of all fees and other charges resulting from the use of digital banking for a period of up to six months.</p> <p>SAMA published monthly reports which includes remittances under Personal Transfers with a categorization for Saudi and Non-Saudi transfers: https://www.sama.gov.sa/en-US/EconomicReports/MonthlyStatistics/Monthly%20Bulletin%20June2021.pdf</p>
Spain	<p>The volume of workers' remittances sent from Spain in 2020 was EUR 8,364 million, that is 1.4% less than in 2019 (according to the data from the Bank of Spain).¹² Focusing on the top 10 recipient countries in 2020, which account for the 70% of the total there are two main groups: seven showed a decrease (Colombia, Ecuador, Dominican Republic, Bolivia, Senegal, Paraguay, and Romania), while three experienced a significant increase (Morocco 33%, Pakistan 18%, and Honduras 8%) compared to 2019.</p> <p>Regarding the specific financial regulation put in place after Covid-19 outbreak, Spain took extraordinary measures in early March 2020 to fight the Covid-19 health crisis, including lockdowns. During this period, financial services, which included non-bank remittance service providers and agents were classified as essential services, so remittance flows were guaranteed.</p> <p>Spanish authorities are also working on some long-lasting lines, with a positive impact on remittances, such as:</p> <ul style="list-style-type: none"> i) Supporting innovation and digitalization while safeguarding consumer protection, financial stability, market efficiency and the fight against money laundering and the financing of terrorism (AML/FT). ii) Increasing competitiveness, facilitating the entrance of FinTech service providers (Law 7/2020 for the Digital Transformation of the Spanish Financial Sector). Spain launched the first cohort of the financial sandbox in 2021. iii) Sharing of experiences with other countries, in cooperation with regional bodies (i.e. webinar with FLAR "Remittance flows and their effects on macroeconomic and financial stability in Latin America during the Covid-19 crisis", July 2021) or through the Spanish Agency for International Cooperation (AECID), especially in Latin America; iv) Enhancing digital financial literacy and awareness in general under the National Plan of Financial Education.

¹² Source: balance of payments (Bank of Spain),2021 March update. Secondary income. Workers' remittances. Debits. Main countries. Annual (table 17.6a of the Statistic Bulletin) https://www.bde.es/webbde/en/estadis/infoest/temas/sb_extbippi.html



- v) Promoting transparency and fairness in the basic payment account market, by the means of an active supervision. This sort of account provides access to some financial services, i.e., remittances to unbanked people.

The average cost of sending a USD 200 remittance from Spain is low in country comparison and shows a decreasing trend (5.64% in 2018, 5.35% in 2019 and 5.03% in 2020). In ten out of the thirteen main corridors from Spain, monitored by the World Bank, the cost was already below 5% in 1Q 2021.

Switzerland

Switzerland continues to make significant progress in improving the framework conditions for digital-based international payments / remittances. As of 1 August 2021, a new Federal Law for Blockchain and Distributed Ledger Technology (DLT Framework) came fully into force. The new legislation improves the conditions for blockchain and DLT companies in Switzerland, thereby promoting innovative financial market technologies and the utilization of DLT and payment tokens (or Stablecoins) for the realization of lower cost remittances, while also increasing transparency and reducing digital threats. One of the key changes that came into force on 1 August 2021 is a license for DLT trading facilities, i.e., financial market infrastructures for DLT securities that can admit other companies and persons to trading in addition to financial intermediaries. Legal certainty has increased in insolvency law by explicitly regulating the segregation of crypto based assets in the event of bankruptcy. The Swiss FinTech industry remains active in the promotion of lower-cost remittances. In particular, the Swiss startup “Monito” ([Money transfer: compare ways to send money online with Monito](#)), which offers transfer cost comparison services and transparency on transfer fees and exchange rates, has become very popular among migrants in Switzerland in the pandemic context.

Turkey

The survey performed by the BRSA in 2017 reconducted in 2021, as planned in the former report period. The most prominent problem for banks, according to the new survey, is the lack of a distinctive internationally accepted code for remittances. Additionally, the survey indicates that banks have revised the cost of remittances, and the average cost of sending \$200 to Turkey increased modestly from 7.26% to 7.30% from Q3 2020 to Q3 2021.

United Arab Emirates

The UAE reemphasizes its commitment to enhancing remittance flows and reducing remittance transfer costs in line with the G20 objectives. In this regard, it is worth mentioning that Remittance Service Providers have strengthened their digital services platforms to better satisfy their customers’ needs in terms of facilitating the user-friendly access to the service and provision of accurate information particularly on applicable fees, execution time...etc. This improvement, which has started a few years ago, expanded largely in 2020 during the Covid 19 pandemic to cover the majority of the service providers.

This digital transformation contributed to enhancing the monitoring process of the remittance flows and reduction in the transfer costs, in line with the UAE's vision, which aims at supporting the remittances service providers through providing guidance, enhancing the regulatory framework, and facilitating access and use of digital financial services through a set of initiatives.

In 2020, all types of expats' remittances from the UAE amounted to USD 1230 billion (AED 4,516 billion). The part of it that represents family support is around USD 43 billion (AED 157 billion). The total inward remittances reached USD 970 billion (AED 3,561 billion) in 2020. India remains the top receiving country for earnings made by expats, followed by Pakistan, Philippines, and Egypt.



<p>United Kingdom</p>	<p>The UAE authorities are determined to continue working on achieving the G20 objectives in the context of a National remittance Plan.</p> <p>The UK remains committed to reducing the global average cost of remittances in line with G20 and SDG targets, while also ensuring that corridors are secure, transparent and accessible. UK efforts focus on supporting regulatory, supervisory and policy reform; the modernization of payments infrastructure; and support to innovative remittances business models.</p> <ul style="list-style-type: none"> • The Foreign Commonwealth and Development Office (FCDO) continue to work with key stakeholders (including the UK funded Financial Sector Deepening Africa programme) to identify opportunities that support greater access to low-cost, secure digital remittance services. • In 2020, the UK, together with the Swiss government, launched a Call to Action to highlight and address the forecasted decline in remittances caused the COVID-19 pandemic. • The UK has developed a cross-government Action Plan on remittances to address the market constraints in the first mile (UK) that are responsible for high remittances prices and are supportive of global efforts in this area. • The UK’s HM Treasury is supporting the implementation of the Financial Stability Board and the Committee on Payments and Market Infrastructures’ roadmap to enhance cross-border payments which is being led by relevant expert bodies such as Financial Action Task Force (FATF), the International Monetary Fund, World Bank and Bank of England. • The UK is feeding into FATF’s current project reviewing the unintended consequences of Anti-Money Laundering/Counter-Terrorist Financing standards, including de-risking and financial exclusion.
<p>United States</p>	<p><i>Overview</i></p> <p>As the world’s largest remittance-sending country,¹³ the United States is committed to upholding a regulatory and supervisory environment that enables the flow of remittances via legitimate, regulated channels, while actively working to address any undue barriers to access and usage.</p> <p>The United States continues to promote a risk-based approach to anti-money laundering and countering the financing of terrorism and proliferation financing (AML/CFT/CPF). Federal banking authorities¹⁴ continue to work with financial institutions under their respective jurisdictions, as relevant, on ways to offer low-cost remittance transfers, no-cost or low-cost basic consumer accounts, and agency services to remittance transfer providers while still operating responsibly.</p> <p><i>U.S. Department of the Treasury</i></p> <p>The U.S. Department of the Treasury remains engaged in work related to remittances through such multilateral fora as the Financial Action Task Force (FATF) and the Financial Stability Board (FSB).</p>

¹³ <https://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data>

¹⁴ Federal banking authorities include the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency (collectively, the federal banking agencies), and the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN).



Treasury also continues to work with partner countries who receive remittances as they work towards stronger AML/CFT/CPF regimes, which will help them to maintain banking relationships that keep remittances flowing. Treasury continues to work to facilitate regulated and transparent channels for customers who want to send remittances for legitimate purposes.

Treasury's Office of Technical Assistance (OTA) continues to provide technical support to jurisdictions that are seeking to ensure that innovative forms of digital payments can be adopted in a responsible manner, including by promoting interoperability across providers and establishing regulatory sandboxes.

U.S. Agency for International Development (USAID)

USAID makes global and market-level investments focused on expanding inclusive digital finance ecosystems through improved infrastructure, policy, and regulation, including the use of digital technologies to lower costs, improve prospects for integration with regulated financial services, and build cross-border digital economies. In addition to making remittance transactions faster and cheaper, these investments harness remittance flows to deepen financial inclusion in both sending and receiving communities.